

**Meeting of the
Iron Range Resources Board**

**Thursday, December 13, 2007
10:00 a.m.
Iron Range Resources Board Room
Eveleth, Minnesota**

I. Roll Call

Representative David Dill, Chair, called the meeting to order at approximately 10:00 a.m. Present: Representative Tom Anzelc, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettnier Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan. Absent: Senator Rod Skoe. Also present were: Sandy Layman, Commissioner; Brian Hiti, Deputy Commissioner; Gunnar Johnson, Assistant Attorney General; Matt Sjoberg, Development Strategies Director; Roy Smith, Workforce Development Coordinator; Dan Jordan, Mining Program Supervisor; Sheryl Kochevar, Communications & Media Coordinator; Laureen Hall, Executive Assistant; Joe Sertich, President, Northeast Higher Education District; and John Grahek, Financial Secretary, Iron Range Building and Construction Trades Council.

II. Approval of the November 1, 2007, Minutes

Citizen Shelley Robinson moved approval of the November 1, 2007, minutes. Seconded by Citizen Jack Ryan. Motion carried.

III. Commissioner Comments

Commissioner Sandy Layman updated the Board on the Community Redevelopment Program (residential demolition program) regarding the number of structures razed since the program was restarted this fall and discussed plans for the program to resume in the spring of 2008.

Mike Larson, a 23-year employee of the agency, was recognized for his years of state service. Mike will be leaving the agency and going to work for Short Elliot Hendrickson. Commissioner Layman welcomed the agency's newest employee, Jim Plummer, who was recently hired as a Laurentian Vision and Real Property Coordinator.

In response to a question by Representative Tom Anzelc as to whether Board members would have input regarding possible renegotiation of the terms of a loan to Excelsior Energy, which call for payment of accrued interest on December 31, 2007, Commissioner Layman replied that there has been staff and Board Liaison Group discussion; however, she said she would welcome and encourage additional Board input.

IV. Taconite Area Environmental Protection Fund

Action required: Project approval requires 7 votes

- a. Workforce Development Grants- Resolution No. 08-009

Motion by Senator Tom Bakk to approve the Workforce Development Grants as presented in Resolution No. 08-009. Seconded by Representative Tom Anzelc.

Motion by Citizen Joe Begich to amend the NOW, THEREFORE, IT IS RESOLVED clause of Resolution No. 08-009 by deleting the following from the resolution:

4. Eligible Individuals

Yellow Ribbon Grant Program

Grant Amount: up to \$100,000

To provide grants of up to \$2,000 per person to assist returning veterans of the Global War on Terrorism in their pursuit of post secondary education programs that will help them to more effectively integrate into the Taconite Assistance Area workforce.

Motion carried to amend the original Bakk motion.

Senator Tom Bakk's motion was restated to approve the Workforce Development Grants as presented in Resolution No. 08-009 and amended by Citizen Joe Begich. Seconded by Representative Tom Anzelc. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
WORKFORCE DEVELOPMENT PROJECT APPROVALS**

Resolution No.: 08-009

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Taconite Area Environmental Protection Fund

monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and,

WHEREAS, the agency’s approved FY 2008 Investment Plan budget includes the allocation of \$500,000 of TEPF Funds for Workforce Development Grants (“**Workforce Development Funds**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such Workforce Development Funds for three local economic development projects as more specifically described below and in the Board packet materials presented to the Board which projects would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Workforce Development Funds to provide grants in the following amounts for the following Proposed Projects, each of which is more fully described in the Board packet materials presented to the Board:

1. **Northeast Higher Education District
Hibbing Taconite/Mesabi Range Community and Technical College
Industrial Mechanical Technology Program
Grant Amount: up to \$50,000**
For a “millwright” training program to be provided, at request of Hibbing Taconite (a Cliffs Mining Company operation), through specially scheduled evening classes at Mt. Iron for incumbent and new Hibbing Taconite workers who would be permitted by the company to maintain their work schedule and still take advantage of this educational opportunity.
2. **Northeast Higher Education District
Applied Learning Initiative: A Renewal of Career and Technical Education
Grant Amount: up to \$100,000**
To purchase state-of-the-art equipment needed to deliver career and technical education curriculum for the seventeen participating school districts of the Applied Learning Initiative through a curriculum that will promote seamless transition of students from high school, into post-secondary institutions of the District, and then into the TAA workforce.
3. **Northeast Higher Education District**

Northeast Minnesota Workforce E-folio Project

Grant Amount: up to \$200,000

To support the development of the “Northeast Minnesota Workforce E-folio” project that is intended to leverage the existing electronic resources of Minnesota State Colleges and Universities to better serve incumbent workers, high school and college students who are seeking employment opportunities within the TAA.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

b. Community Business Infrastructure Grants – Resolution No. 08-010

Motion by Representative Tom Rukavina to approve the Community Business Infrastructure Grants as presented in Resolution No. 08-010. Seconded by Senator Tom Saxhaug.

Motion by Senator Tom Bakk to amend the BE IT FURTHER RESOLVED clause of Resolution No. 08-010 to include the underlined phrase: BE IT FURTHER RESOLVED that the Board’s approval for the expenditure of the said funds for the said Proposed Projects is further contingent upon the agency, in its grant contracts, requiring each grantee entity to commit to the payment of prevailing wages in the construction of the funded project and associated development, as indicated in, and to the extent required in, the Board’s Resolution 96-005.

Motion carried to amend the motion.

Representative Tom Rukavina's motion was restated to approve the Community Business Infrastructure Grants as presented in Resolution No. 08-010 and amended by Senator Tom Bakk. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
COMMUNITY BUSINESS INFRASTRUCTURE PROJECT APPROVALS**

Resolution No.: 08-010

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 ("**TEPF Funds**") to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 ("**TAA**"), by investing in local economic development projects within the TAA; and,

WHEREAS, the agency's approved FY 2008 Investment Plan budget includes the allocation of \$1,000,000 of TEPF for Community Business Infrastructure Grants ("**Business Infrastructure Funds**");

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such Business Infrastructure Funds for two local economic development projects as more specifically described below which would be undertaken and implemented in the TAA (collectively the "**Proposed Projects**"); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area; and,

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of TEPF Business Infrastructure Funds to provide grants in the following amounts for the following Proposed Projects:

4. City of Mountain Iron

Grant Amount: up to \$300,000

For a project to provide water, sewer and roadway extension on Enterprise Drive for Idea Drilling, a contract drilling company, which will create 5 jobs and retain 30 jobs. In addition, the project will assist a potential commercial development that serves the heavy duty trucking industry and proposes to create 20 jobs. The project also will bring infrastructure to 15 acres for new development.

5. City of Nashwauk

Grant amount: up to \$160,000

For a project to provide water, sewer, road, electrical, gas and site improvements for a 15,615 square foot manufacturing facility in the city's industrial park. The company, Midwest Manufacturing and Mechanical Inc., will manufacture industrial screens primarily used in Venezuela, Australia and Bahrain. The company will start with 18 jobs paying \$18 per hour plus benefits and is anticipated to add jobs in the future.

BE IT FURTHER RESOLVED that the Board's approval for the expenditure of the said funds for the said Proposed Projects is further contingent upon the agency, in its grant contracts, requiring each grantee entity to commit to the payment of prevailing wages in the construction of the funded project and associated development, as indicated in, and to the extent required in, the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

c. Public Works Infrastructure Grants – Resolution No. 08-011

Motion by Senator David Tomassoni to approve the Public Works Infrastructure Grants as presented in Resolution No. 08-011. Seconded by Representative Loren Solberg. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
PUBLIC WORKS PROJECT APPROVALS**

Resolution No.: 08-011

WHEREAS, the Commissioner is authorized to expend, upon approval of a majority vote of the members of the Board, the Board Account monies made available under Minnesota Statutes Section 298.22 (“Board Funds”) and the Taconite Area Environmental Protection Fund monies made available under Minnesota Statutes Section 298.223 (“**TEPF Funds**”) to promote the economic development of the Taconite Assistance Area designated in Minnesota Statutes Section 273.1341 (“**TAA**”), by investing in local economic development projects within the TAA; and,

WHEREAS, the agency’s approved FY 2008 Investment Plan budget includes the reservation of \$6 million of Development Projects Reserve funds which were to be expended for public works projects, otherwise known as Public Works Infrastructure Grants (“**Public Works Funds**”);

WHEREAS, the Commissioner has received proposals for the expenditure of portions of such Board Account and TEPF Funds for twenty-five local economic development projects as more specifically described in the packet materials as presented to the Board which would be undertaken and implemented in the TAA (collectively the “**Proposed Projects**”); and,

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, in the Board Room located near Eveleth, Minnesota, to consider, among other matters, the Proposed Projects and has determined that the expenditure of the following amounts of TEPF Funds for the purposes and in the amounts specified below would be in the public interest and promote economic development within the Taconite Assistance Area; and,

NOW, THEREFORE, IT IS RESOLVED that the Board hereby approves the expenditure of Board Account and TEPF Public Works Funds to provide grants to the applicants, in the amounts and for the purposes specified in the packet materials as presented to the Board at the said meeting.

BE IT FURTHER RESOLVED that the Board's approval for the expenditure of the said funds for the said Proposed Projects is further contingent upon the agency, in its grant contracts, requiring each grantee entity to commit to the payment of prevailing wages for the funded project as indicated in, and to the extent required in, the Board's Resolution 96-005.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13th DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

V. Taconite Economic Development Fund (TEDF)

Action required: project approval requires a majority vote of the quorum present

- a. United Taconite

Motion by Representative Tom Rukavina to approve the United Taconite TEDF Grant Projects as presented in Resolution No. 08-012. Seconded by Citizen Joe Begich.
Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
UNITED TACONITE, LLC – PAY 2006 AND PAY 2007 FUND YEARS**

Resolution No.: 08-012

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer United Taconite, LLC (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the six (6) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 5, 2007, indicated to the Commissioner that it has approved all of the Proposed Projects identified in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer's request to receive TEDF Funds for all such projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and otherwise appear eligible to receive Pay 2006 and Pay 2007 TEDF Funds from the Commissioner for the Proposed Projects specified in Addendum A.

Addendum A
UNITED TACONITE, LLC

Project 1 – Mill Line #2 Cobber Replacement

This is a pay 2006 TEDF Request to install new cobbbers. This will increase iron recovery from 93% to 97% for a net production increase of 35,700 tons per year.

TEDF Grant	\$634,193
Company	<u>154,861</u>
Project Total Cost	\$789,054

Project 2 – Ball Mill Gear-Critical Spare

This is a pay 2006 TEDF request to acquire a gear to have ready to install. Existing gears have been in service since 1976. Delivery time on a new gear is 41-43 weeks. This down time would decrease production by approximately 925,000 tons.

TEDF Grant	\$407,850
Company	<u>125,978</u>
Estimated Project Total Cost	\$533,828

Project 3 – Mill Line #1 Cobber Upgrade supplement

This is a pay 2007 TEDF request to upgrade mill line #1 to attain a 5.2 million ton target for the concentrator.

TEDF Grant	\$571,845
Company	<u>139,636</u>
Estimated Project Total Cost	\$711,481

Project 4 – Mill Line 1 Finisher Separator Upgrade

This is a pay 2007 TEDF Request to repair and replace the finishers that had become worn, corroded and in poor physical condition.

TEDF Grant	\$453,553
Company	<u>110,751</u>
Project Total Cost	\$564,304

Project 5 – Green Ball Transfer System

This is a pay 2007 TEDF request to install a transfer system to move green balls from the old, less efficient balling drums to the new balling drums.

TEDF Grant	\$356,218
Company	<u>86,983</u>
Project Total Cost	\$443,201

Project 6 – Tailings Basin Pipe Extension

This is a pay 2007 TEDF request to add an additional 3,000 feet of tailings pipe. This will allow better distribution of the fine tails.

TEDF Grant	\$69,401
Company	<u>332,801</u>
Project Total Cost	\$402,202

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

b. U.S. Steel - Minntac

Motion by Representative Tom Rukavina to approve the U.S. Steel - Minntac TEDF Grant Projects – Numbers 1, 2, 3, 4, and 5 as listed in Addendum A of Resolution No. 08-013. Seconded by Senator David Tomassoni. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator

Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
U.S. STEEL CORPORATION, MINNESOTA ORE OPERATIONS – MINNTAC
PAY 2007 FUND YEAR**

Resolution No.: 08-013

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer U.S. Steel Corporation, Minnesota Ore Operations - Minntac (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the ten (10) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on November 21, 2007, indicated to the Commissioner that it has approved Proposed Project Numbers 1, 2, 3, 4, and 5 as listed in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for all such Proposed Projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and approves the release by the Commissioner of Pay 2007 TEDF Funds to the Applicant Producer in the amounts and for the purposes stated in Proposed Projects Numbers: 1 – Concentrator 4 x 10 Roughers; 2 – Centac Air Compressor; 3 – Agglomerator Line 3 Scrubber; 4 – Concentrator 170-06-3 Variable Frequency Drive; and 5 – Step I & II Bentonite Unloading as listed in Addendum A.

Addendum A
U.S. STEEL - MINNTAC

Project 1 – Concentrator 4 x 10 Roughers

The Concentrator has 16 grinding lines used for magnetic separation of iron particles from the waste material. The existing 62 roughers, which are smaller in diameter, have been replaced with 31 larger roughers with double the magnetic strength. The installation of the new roughers increased the magnetic iron recovery by an estimated 1.64%.

TEDF Grant	\$1,527,103
Company	<u>372,897</u>
Estimated Project Total Cost	\$1,900,000

Project 2 – Centac Air Compressor

The Utilities Department at Minntac operates seven permanently installed air compressors. Two of the Centac mode compressors have reached the end of their useful life and require costly rebuilds every three to four years. These compressors were replaced with two more efficient compressors that require 450 less horsepower to produce the same rated volume of compressed air.

TEDF Grant	\$290,582
Company	<u>70,956</u>
Estimated Project Total Cost	\$361,538

Project 3 – Agglomerator Line 3 Scrubber

Minntac's Agglomerator line 3 produces pellets with the kiln using natural gas and biomass fuels. The emissions control system for the grate-kiln waste gas stack was not capable of meeting the new Maximum Achievable Control Technology (MACT) standard of 0.01 gr/dscf. Non-compliance of the line 3 grate kiln system waste gas stack would have resulted in discontinued operations of the line and Minntac's pellet production would have been reduced substantially.

TEDF Grant	\$200,935
Company	<u>49,065</u>
Estimated Project Total Cost	\$250,000

Project 4 – Concentrator 170-06-3 Variable Frequency Drive (VFD)

The existing VFD for the 170-06-3 pump in the Concentrator was old and obsolete. It was replaced with a new unit to avoid future production delays because spare parts for the unit were no longer available.

TEDF Grant	\$110,906
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Company	<u>27,082</u>
Estimated Project Total Cost	\$137,988

Project 5 – Step I & II Bentonite Unloading

The Step I & II Agglomerator Bentonite Unloading Project involves automating the unloading of the bentonite from rail cars to the storage bins or to the individual day bins within the Step I & II Agglomerator.

TEDF Grant	\$33,370
Company	<u>8,148</u>
Estimated Project Total Cost	\$41,518

Project 6 – Materials Management Building

Maintenance materials are presently stored outside near the buildings in which they are to be used. The new addition would adequately provide storage space for maintenance materials that are now subject to damage from weather conditions.

TEDF Grant	\$1,285,981
Company	<u>314,019</u>
Estimated Project Total Cost	\$1,600,000

Project 7 – Centralized Fire Protection Monitoring/Protection

Eight areas at Minntac vital to sustained operations had inadequate fire protection systems as identified by Marsh USA. The new fire detection, fire suppression and radio-based fire alarm reporting systems were in the six-control/computer rooms and centralized monitoring equipment for the eight new alarm-reporting systems were installed at the Main gate.

TEDF Grant	\$598,785
Company	<u>146,215</u>
Estimated Project Total Cost	\$745,000

Project 8 – Agglomerator Line 5 Optimizing Control System (OCS)

The Agglomerator line 5 project is a research project aimed at applying advanced control technology never previously applied to a grate-kiln iron ore processing system. The OCS technology is a control platform with advanced tools designed specifically to aid in control and optimization of a mineral processing facility.

TEDF Grant	\$119,426
Company	<u>29,162</u>
Estimated Project Total Cost	\$148,588

Project 9 – Mobile Equipment Shop Boiler Room Corridor

The new steel framed corridor replaced a temporary, inadequate structure erected from the steam room to the boiler room, which was hazardous to travel during the evening hours.

TEDF Grant	\$49,606
Company	<u>36,894</u>
Estimated Project Total Cost	\$86,500

Project 10 – Ore Movement Computer Software

The current Minntac Ore Movement software involves multiple automated systems and Keetac's system is essentially a manual system. The new system will bring both systems up-to-date and will provide mechanical reports needed at both at the plants and the docks. The cost will be divided between Minntac and Keetac based on the percentage of billable shipment from each plant (Minntac 72% and Keetac 28%).

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior project's final cost is significantly lower and an additional TEDF expenditure is necessary.

TEDF Grant	\$0
Company	<u>250,000</u>
Estimated Project Total Cost	\$250,000

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

c. U.S. Steel - Keetac

Motion by Representative Tom Anzelc to approve the U.S. Steel - Keetac TEDF Grant Projects – Numbers 1, 3 and 5 as listed in Addendum A of Resolution No. 08-014. Seconded by Senator Tom Saxhaug. Motion carried.

Voting in Favor of the Motion: Representative Tom Anzelc, Representative David Dill, Representative Tom Rukavina, Representative Tony Sertich, Representative Loren Solberg, Senator Tom Bakk, Senator Tom Saxhaug, Senator David Tomassoni, Senator Yvonne Prettner Solon, Citizen Joe Begich, Citizen Shelley Robinson and Citizen Jack Ryan.

Voting Against the Motion: None

Abstain: None

Absent: Senator Rod Skoe

**IRON RANGE RESOURCES AND REHABILITATION BOARD
OF THE STATE OF MINNESOTA
TACONITE ECONOMIC DEVELOPMENT FUND PROJECT APPROVAL:
U.S. STEEL CORPORATION, MINNESOTA ORE OPERATIONS – KEETAC
PAY 2007 FUND YEAR**

Resolution No.: 08-014

WHEREAS, certain taconite production tax funds are made available to the Commissioner under the provisions of Minnesota Statutes Section 298.28, Subdivision 9a (the “**TEDF Funds**”) to provide grants to producers for projects that involve the acquisition of plant and stationary mining equipment and facilities or that involve the funding of research and development in Minnesota on new mining, or taconite, iron, or steel production technology (“**Eligible Purposes**”), all in accordance with the provisions of Minnesota Statutes Section 298.227 (the “**TEDF Statute**”); and,

WHEREAS, iron ore producer U.S. Steel Corporation, Minnesota Ore Operations - Keetac (“**Applicant Producer**”) made application to the Commissioner to receive TEDF Funds for the five (5) project (s) described in the attached Addendum A, each of which the Commissioner has determined is for an Eligible Purpose (the “**Proposed Projects**”); and,

WHEREAS, the TEDF Statute provides that the TEDF Funds available to an applicant producer for any proposed project cannot be released by the Commissioner until (a) a joint committee consisting of an equal number of representatives of the salaried employees and the non-salaried production and maintenance employees of that producer (the “**TEDF Committee**”) has had up to six months to review the Applicant’s proposal for expenditure of the TEDF Funds, and (b) the Board has had an opportunity to review the Proposed Projects; and,

WHEREAS, the TEDF Committee of the Applicant Producer on December 10, 2007, indicated to the Commissioner that it has approved Proposed Project Numbers 1, 3, 5 as listed in Addendum A;

WHEREAS, the Board met in open session at 10:00 a.m. on December 13, 2007, to consider all of the Proposed Projects and the Applicant Producer’s request to receive TEDF Funds for all such Proposed Projects.

NOW, THEREFORE, IT IS RESOLVED that the Board hereby finds that the Proposed Projects are for Eligible Purposes and approves the release by the Commissioner of Pay 2007 TEDF Funds to the Applicant Producer in the amounts and for the purposes stated in Proposed Projects Numbers: 1 – Concentrator Mill Gear; 3 – Mine Extension; 5 – Tails Pumping System Upgrade as listed in Addendum A.

PASSED AND ADOPTED BY VOTE OF THE IRON RANGE RESOURCES AND REHABILITATION BOARD THIS 13TH DAY OF DECEMBER 2007.

Member	Aye	Nay	Abstain	Absent
Senator Tom Bakk	X			
Senator Tom Saxhaug	X			
Senator Rod Skoe				X
Senator Yvonne Prettner Solon	X			
Senator Dave Tomassoni	X			
Representative Tom Anzelc	X			
Representative Dave Dill	X			
Representative Tom Rukavina	X			
Representative Tony Sertich	X			
Representative Loren Solberg	X			
Citizen Joe Begich	X			
Citizen Shelley Robinson	X			
Citizen Jack Ryan	X			
TOTAL	12	0	0	1

Signed: _____
Representative David Dill, Chair

Addendum A U.S. STEEL – KEETAC

Project 1 – Concentrator Mill Gear

Keetac has 10 Allis Chalmers Semi-Autogenous grinding mills which have reached the end of their serviceable life and need to be replaced.

TEDF Grant	\$1,081,504
Company	<u>264,088</u>
Estimated Project Total Cost	\$1,345,592

Project 2 – Materials Management Building

Maintenance materials are presently stored outside near the buildings in which they are to be used. The new addition would adequately provide storage space for maintenance materials that are now subject to damage from weather conditions.

TEDF Grant	\$562,617
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Company	<u>137,383</u>
Estimated Project Total Cost	\$700,000

Project 3 – Mine Extension

The South Stevenson is an undeveloped mining area of approximately 160 acres near the Keetac crushers. Initial analysis of this area indicates an ore reserve U.S. Steel intends to mine. An intense effort of stripping and development was needed to expose this ore by 2008 when the mine plan calls for South Stevenson ore.

TEDF Grant	\$80,152
Company	<u>160,381</u>
Estimated Project Total Cost	\$240,533

Project 4 – Tailings Basin Fiber

The project involves installing fiber optic cabling from the plant computer to the Wolf Hill Substation, tailings basin entrances and building and the Reservoir 6 station where, prior to this project, no reliable communication line existed.

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior projects' final cost is significantly lower and an additional TEDF expenditure is necessary.

TEDF Grant	\$0
Company	<u>166,166</u>
Estimated Project Total Cost	\$166,166

Project 5 – Tails Pumping System Upgrade

The existing pumping system is operating at its maximum output and can no longer pump tailings to the farthest portions of the basin. Upgrading the pumping system will allow Keetac to continue to meet the production needs for the next 15 years.

The total cost for each project is estimated. This project is being submitted for approval in the event that one or more of the prior project's final cost is significantly lower and an additional TEDF expenditure is necessary.

TEDG Grant	\$0
Company	<u>143,360</u>
Estimated Project Total Cost	\$143,360

VI. Adjournment

Meeting adjourned at 11:12 a.m.